Profit of crude oil refineries

†259. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the crude oil refineries in the public sector are earning a profit of $77 per barrel;

(b) if not, what are the details in this regard; and

(c) to what extent the dividend so far during the current year is more as compared to the one in the years 2005-06 and 2006-07 respectively?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) A Statement on Gross Refining Margins (GRMs) reflecting the earnings by Public Sector Refineries by way of crude processing during 2005-06, 2006-07 and first half of year 2007-08 (April to September, 2007) is enclosed. [Refer to the Statement Appended to the answer to USQ 258 Part (a) and (b)]

GRM vary from refinery to refinery and from period to period mainly on account of the following:

i. Plant configurations and the type of crude processed;

ii. Spread between international crude and product prices;

iii. Operating parameters such as higher thruput, better distillate yield and lower fuel and loss.

Increase in foreign capital investment in petroleum sector

†260. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are considering the proposal for increasing the quantum of foreign capital investment in the industries of petroleum sector;

(b) if so, the detailed information of the said proposal; and

(c) the reason for which it is considered necessary to increase the percentage of foreign investment in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) Foreign Direct Investment (FDI) Policy including policy for Petroleum and Natural Gas Sector, is reviewed on a continuous basis. At present, in terms of Press Note No. 4 (2006) Series dated 10.02.2006 of Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, for the Petroleum Sector, Foreign Direct Investment (FDI) up to hundred per cent for all activities other than refining and including market study and formulation, investment/financing, setting up infrastructure for marketing in Petroleum and Natural Gas Sector is permissible through automatic route, subject to sectoral regulations. For the refining Sector, FDI up to 26% in case of Public Sector Undertakings is permissible through Foreign Investment Promotion Board. However, FDI up to hundred per cent in the refining sector is permitted through the automatic route in case of private comapnies,

†Original notice of the question was received in Hindi.

in a liberalized policy regime, the entrepreneurs are competent to take independent commercial decisions on sourcing either domestic or foreign capital for the industries of petroleum sector.

LPG connection in Uttarakhand

†261. SHRI HARISH RAWAT: Will the MINISTER OF PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether he is aware that Government had taken a decision in the past to cover all villages for supply of cooking gas, located within three kilometres distance from motorable roads in Uttarakhand keeping in view environment sensitivity of the State;

(b) whether he is also aware that despite a decision of Government neither new gas connections nor cooking gas to the existing consumers is available; and

(c) if so, the steps being taken by the Ministry to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF PERTROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) Government have given freedom to OMCs to set up LPG distributorships in accordance with their commercial assessment and locations are identified by them on the basis of available refill sale potential for sustaining an independent distributorship. However, Government have advised OMCs to draw up Marketing Plan for covering semi-urban and rural areas. OMCs have finalized a common industry Marketing plan covering 841 locations including 6 locations in the State of Uttarakhand for setting up LPG distributorships mainly in rural and urban-rural (semi-urban) locations.

Government is ensuring that adequate quantity of Liquefied Patroleum Gas (LPG) is available in the country LPG supplies to distributors are being made by the Public Sector Oil Marketing Companies (OMCs) through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors. In the current year (April-September, 2007), a total of 27.70 lakhs of new LPG connections and 7.28 lakhs of Double Bottle Connections (DBCs) have been released by the OMCs. The number of domestic LPG customers has increased from 7.72 crores as on 1.4.2004 to 9.43 crores as on 1.4.2007.

OMCs have also reported that at present, there is no overall shortage of LPG in country including the State of Uttarakhand and LPG supplies to distributors are being made by OMCs in accordance with the genuine demand of customers registered with the LPG distributors.

Sale of associated products by LPG distributors

†262. SHRI PYARELAL KHANDELWAL: Will the Minister of PETROLEUM AND NATRUAL GAS be pleased to state:

(a) whether it is a fact that all oil companies have directed their respective LPG distributors to sell associated products alongwith LPG to consumers forcefully;

(b) if so, the details thereof; and

(c) if not, the provisions for taking action against the distributors of these companies?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) No, Sir, Public Sector Oil Marketing Companies (OMCs) have not directed their respective LPG distributors to sell associated products along with LPG to consumers forcefully. However, in view of safety considerations, customers are encouraged to use LPG tubes which offer improved safety, *viz.*, longer life, fire retardant property,

†Original notice of the question was received in Hindi.